

AR40



**Graphic
Communications
Limited**

**Annual
Report
1973**

for the year
ended June 30, 1973

Concorp

Dex document transmitter/receiver...
a revolutionary extension of the telephone.



DIRECTORS

Robert D. Bell
D. Keith Davey
Clifford G. Green

William J. Lambeau
George A. McDonald
F. Gerald Townsend

OFFICERS

Clifford G. Green
President and Chief Executive Officer
William J. Lambeau
Executive Vice-President
Robert D. Bell
Secretary-Treasurer

Peter J. Lawrence
Vice-President, Marketing
Federal Government Accounts
Henri F. Spitzer
Vice-President, Marketing
Eastern Region

AUDITORS

Thorne Gunn & Co., Toronto

LEGAL COUNSEL

Weir & Foulds, Toronto

REGISTRAR

Montreal Trust Company, Toronto

BRANCH REGISTRAR

National Bank of North America, New York City

TRANSFER AGENT

Montreal Trust Company, Toronto

BRANCH TRANSFER AGENT

National Bank of North America, New York City

BANKER

The Toronto-Dominion Bank, Toronto

Executive Offices

2025 Sheppard Avenue East
Willowdale, Ontario, Canada
M2J 1V6
(416) 491-3491

Canadian Sales Offices

Central Regional Office
2025 Sheppard Avenue East
Willowdale, Ontario
M2J 1V6
(416) 491-3491

Eastern Regional Office

1470 Peel Street
Montréal, Quebec
(514) 849-8266

Governmental Office

130 Albert Street
Ottawa, Ontario
K1P 5G4
(613) 234-1738

Western Regional Office

1524 W. 15th Avenue
Vancouver 9, B.C.
(604) 736-8808

United Kingdom Sales Offices

Interscan Data Systems (U.K.) Ltd.
Hoechst House
Salisbury Road
Hounslow, Middlesex, England
TW4 6JQ
01 5722871

Interscan Dex Limited
Hoechst House
Salisbury Road
Hounslow, Middlesex, England
TW4 6JQ
01 5722871

West Germany Sales Office

Interscan GmbH
6 Frankfurt am Main
Am Salzhaus 1, neben Goethehaus
Parkhaus, Hauptwache
West Germany
(0611) 20921-25

Additional Sales and Service facilities throughout Canada and the United Kingdom

President's Message

Our second full year of operation, ending June 30, 1973, was an eventful period in the growth of the Company.

Our first Annual Report published after the completion of our first year of operation reflected the primary growth state of our business. The Revenue reported for that year was approximately \$100,000. We are pleased to point out that our current Annual Report, in the following pages, states revenues for the fiscal year just ended of approximately \$1,000,000. During this fiscal year just ended operating loss before an extraordinary item was \$408,763, compared to \$332,966 the previous year. In addition, during the fiscal year just completed your Company was able to negotiate a substantial reduction in the purchase price of dex equipment. Accordingly, the existing inventory of dex equipment was written down, resulting in an extraordinary loss for the year of \$362,582. Management feels that the foregoing write-off is in accordance with good accounting principles. Looking ahead, Management is extremely optimistic for the future with substantial increases in revenues and profits forecast for the current fiscal year. The reported ten-fold increase in revenues over our first complete fiscal year is, in itself, very gratifying. However, far greater advantages for the future of your Company lie in the increase in market penetration, in a greatly expanding market (that is, the addition of distribution capabilities in the United Kingdom) and in the continuing sound financial support which your Company has derived from the reorganization of its capital structure.

As we pointed out in our last Annual Report and in subsequent letters to shareholders, the provision of adequate financing has been a major and continuing concern to Management. A Registration Statement was filed with the Securities and Exchange Commission for a proposed public offering of convertible debentures. This was later withdrawn. Many contacts were made and much time was expended by your Management in discussions with private and public sources for funds. We are pleased to announce that our efforts in this respect have been successful. The result is a good, solid base of financial support for the future for your Company, through the close association of Graphic Communications Limited, Interscan Limited, and Coldstream Mines Limited.

Coldstream Mines Limited is a public Ontario company with substantial assets, which is listed for trading on The Toronto Stock Exchange. Coldstream owns 70% of the shares of Interscan Limited, a private Ontario company, which through the

Interscan Group of companies (which includes two main operating subsidiaries, Interscan Data Systems (U.K.) Limited of London, England and Interscan GmbH of Frankfurt, West Germany) distributes and provides systems, programming, and engineering service for certain computer entry products, such as optical scanning readers and key-to-disc input devices. For the year ended December 31, 1972, these operating companies, in total, reported revenues in excess of \$6,500,000, and net income of approximately \$403,000. The Managing Director of these companies, Gordon Skinner, expects increases for the current year in both revenues and net income.

Through the April to June quarter of our fiscal year ended June 30, 1973, it was readily apparent that your Company required substantial bridge financing (for the purchase and delivery of certain large orders of dex equipment, explained following) as well as immediate working capital and assured financing for the future. In addition, we were looking for an opportunity to expand our dex distribution activities into the United Kingdom.

The Coldstream and Interscan Companies offered a fine solution to all of the needs mentioned above, and accordingly, your Management actively pursued an arrangement with them which would ensure your Company's growth and future stability.

Final agreements were entered into at the end of June, 1973. The Companies have agreed to the following:

1. GCL has purchased from Interscan Limited control of the Interscan Group of Companies (1972 sales revenue \$6,502,000) which includes the operating companies mentioned above in England and West Germany.
2. A new company (Interscan Dex Limited) has been formed to distribute dex equipment for the United Kingdom. This company is 51% owned by GCL and 49% owned by Coldstream.
3. Financing for all GCL operations of up to \$2,600,000 is now being provided by Coldstream.
4. To effect the above:
 - (a) GCL has issued to Interscan Limited 1,311,353 Treasury shares.
 - (b) GCL has guaranteed a \$1,500,000 7% interest bearing debt of the Interscan Group, of which \$1,000,000 may be converted into GCL shares at \$3.00 per share.

Giving effect to the foregoing agreements means that GCL and its subsidiaries (the Interscan Group) now distribute **dex** equipment in Canada and **dex** equipment in the United Kingdom and, in addition, distribute Computer Optical Character Recognition and Key-to-Disc input devices in both the United Kingdom and West Germany.

The **dex** family of Graphic Communicators, manufactured by Graphic Sciences, Inc. of Danbury, Connecticut, includes the **dex 180**, which is the fastest acoustically coupled facsimile transceiver on the market at present, and the **dex 3000**, a completely automatic, unattended receiver unit. Other **dex** models for special uses are available. The **dex** Graphic Communicator is a machine capable of sending or receiving documents, photographs, or other written or graphic material to or from a similar machine, requiring only an ordinary telephone for transmission, and depending on a conventional wall plug for power.

A new Canadian Distribution Agreement has been negotiated providing for lower prices, better renewal terms, and generally more favourable conditions for GCL than was provided by the previous agreement. In addition, a similar distribution agreement was negotiated with respect to the United Kingdom, on behalf of the Company's 51% owned subsidiary.

During the last fiscal year, the Company's marketing efforts in Canada culminated in the signing of an agreement in May, 1973 with the Trans Canada Telephone System (the operating body of the eight major telephone companies in Canada: Alberta Government Telephones, British Columbia Telephone, Bell Canada, Manitoba Telephone System, Maritime Telegraph & Telephone, New Brunswick Telephone, Newfoundland Telephone Co. Ltd., and Saskatchewan Telecommunications). By this agreement all the operating telephone companies market the **dex** transceiver in Canada, which GCL sells to them, under the name of FAXcom. This agreement provided for the purchase by TCTS of a minimum of 400 **dex** units within the first year of the agreement. In fact, that number of **dex** units was purchased within the first two months of the agreement.

The combined marketing efforts of these eight Canadian telephone companies will greatly enlarge the market for facsimile in Canada. Their positive endorsement of our product will enhance the GCL position in the Canadian marketplace. In this connection, GCL is adding four Sales persons to its current seven-man Canadian marketing force, which

operates out of Sales Offices in Toronto, Montreal, Ottawa, and Vancouver.

Our Company's marketing efforts have been very ably directed by William Lambeau. It is a pleasure to announce his appointment as Executive Vice-President of the Company. Key areas in our market development have been Eastern Canada and the Federal Government, under the direction of Henri Spitzer and Peter Lawrence, respectively. In recognition of their contribution and the growth of their responsibilities, Henri Spitzer has been appointed Vice-President, Marketing, Eastern Region, and Peter Lawrence has been appointed Vice-President, Marketing, Federal Government Accounts.

In the United Kingdom, **dex** marketing by Interscan Dex Limited commenced July 1, 1973. Equipment already in the United Kingdom on rental and in inventory was purchased from Graphic Sciences, Inc. A General Manager of **dex** operations was appointed and six Sales Representatives hired. Three additional Sales persons are currently being added to the staff. Sales are directed from Head Office in London, with Branch Sales Offices in Manchester and Birmingham.

The Interscan Group, operating in the United Kingdom and West Germany, currently distributes and sells, under various distributorship agreements, products of Scan-Data Corporation, Norristown, Pennsylvania, General Computer Systems, Inc., Dallas, Texas, Optical Scanning Corporation, Newtown, Pennsylvania and AB Almex, Stockholm, Sweden. In addition, agreements have been entered into between the Interscan Group, Scan-Data Corporation and Société Anonyme des Engins Matra (Matra) relating to representation of products of Scan-Data Corporation and of General Computer Systems, Inc. in France and certain other European countries, under which agreements the Interscan Group receives a commission on sales by Matra.

Interscan Data Systems (U.K.) Limited, which will provide the administrative umbrella for the **dex** marketing activity in England, has enjoyed outstanding success in penetrating the United Kingdom market for computer input devices designed to increase efficiency and reduce costs of data entry to computer systems. The Company sells and maintains engineering and programming services for both Optical Character Recognition equipment and multiple Key-to-Disc input systems.

The Optical Character Recognition equipment sold and serviced by the Interscan Group is produced by three main manufacturers:

- (i) Scan-Data systems are large and high speed, and are regarded as among the most technologically advanced in the field of optical character recognition. Scan-Data page and document readers are unique in their ability to read all known business machine fonts, as well as a wide range of printers' type fonts and hand-print.
- (ii) A specialized OCR device (OCR 72) manufactured by Almex designed to read at high speeds data produced on journal tapes prepared on adding machines, accounting machines, and cash registers.
- (iii) Optical Scanning Corporation, a foremost supplier of optical mark reading equipment, produces a range of low cost reading terminals which are superior in price, performance, and technical features to most competitive equipment.

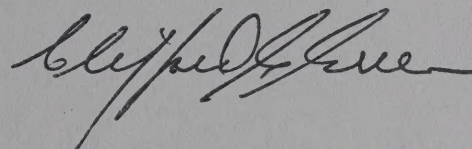
The Key-to-Disc input system, marketed by the Interscan Group, is manufactured by General Computer Systems Inc., and is known as System 2100. The System 2100 represents some of the most advanced hardware and software concepts in keyboard entry devices. As a keyboard terminal system, it is unique in that the keyboards are equipped with a strip printer on which is recorded all data entries, together with error and control messages to the operator. A visual display unit is an optional keyboard device. The System has a wide range of applications for organizations employing more than 10 keypunch operators, and offers substantial economies to the user in comparison with any other keyboard entry device.

Each of the Interscan Group's product lines, either Optical Scanning equipment or Key-to-Disc equipment, is staffed with its own Marketing, Engineering, and Programming personnel. In total, these two product lines employ 25 Sales and Marketing personnel.

In summary, the considerable events of the fiscal year July 1, 1972 to June 30, 1973, have broadened the Company's potential markets and have enlarged the Company's product line. These events have considerably strengthened the Company and GCL and its wholly-owned subsidiaries now employ in excess of 150 Sales and Marketing personnel, Systems and Programming personnel, Engineering personnel, as well as Administrative, Accounting and other personnel, operating out of offices in Canada, the United Kingdom and West Germany.

Above all, the events and agreements now concluded provide your Company with substantial financial resources, as well as a strong, well-financed and aggressive major shareholder.

Taken all together (product leadership in facsimile with dex and added dex distribution in the United Kingdom, broadened marketing base to include good computer input devices, and sound and adequate financing) the Management of Graphic Communications Limited looks forward with eagerness, optimism, and confidence to the next twelve months.



Clifford G. Green
President

GCL Graphic Communications Limited

(Incorporated under the laws of Ontario)

Balance Sheet

JUNE 30, 1973

(with comparative figures at June 30, 1972)

(Expressed in Canadian dollars)

ASSETS

Current assets

	1973	1972
Cash and short term bank deposits	\$ 69,225	\$ 284,243
Accounts receivable	466,275	48,416
Inventory of machines, repair parts and supplies (note 2)	125,290	53,269
Prepaid expenses	12,366	3,941
	<u>673,156</u>	<u>389,869</u>

Fixed assets (notes 3 and 4)

Graphic communication equipment	1,044,647	1,012,298
Less accumulated depreciation	191,518	89,525
	<u>853,129</u>	<u>922,773</u>

Deferred charges

	<u>44,277</u>
	<u>\$1,526,285</u>

LIABILITIES

Current liabilities

Bank advances (note 5)	\$ 382,863	\$ 255,116
Accounts payable and accrued liabilities	216,413	193,551
8% Convertible debenture due on demand (note 6)	100,000	
Current portion of long term debt	61,789	49,254
	<u>761,065</u>	<u>497,921</u>

Long term debt

7% notes payable (unsecured) payable in semi-annual principal instalments maturing in 1975	129,597	147,763
Advances from Interscan Limited (note 8)	820,470	
	<u>950,067</u>	<u>147,763</u>

Less amount due within one year included in current liabilities	61,789	49,254
	<u>888,278</u>	<u>98,509</u>

Total liabilities	<u>1,649,343</u>	<u>596,430</u>
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CAPITAL STOCK AND DEFICIT

Capital stock (notes 6 and 8)

Authorized—5,000,000 shares without par value		
Issued — 425,000 shares	1,300,200	1,300,200

Deficit

	<u>1,423,258</u>	<u>539,711</u>
	(123,058)	760,489
	<u>\$1,526,285</u>	<u>\$1,356,919</u>

On behalf of the Board

C. G. Green, Director

R. D. Bell, Director

Statement of Operations

YEAR ENDED JUNE 30, 1973

(with comparative figures for 1972)

(Expressed in Canadian dollars)

	1973	1972
Revenue		
Communication equipment revenue	\$ 980,135	\$ 101,656
Expenses		
Cost of sales, supplies, equipment servicing, selling, general and administrative expenses	1,225,070	339,385
Interest on long term debt	7,362	1,101
Depreciation (note 4)	131,258	77,391
Amortization of deferred expenses	25,118	16,745
	<u>1,388,808</u>	<u>434,622</u>
Loss before extraordinary item	408,673	332,966
Write-down of graphic communication equipment (note 4)	362,582	
Loss for the year	<u>\$ 771,255</u>	<u>\$ 332,966</u>
Loss per share		
Loss before extraordinary item	\$.96	\$1.12
Loss for the year	<u>\$1.81</u>	<u>\$1.12</u>

Statement of Deficit

YEAR ENDED JUNE 30, 1973

(with comparative figures for 1972)

(Expressed in Canadian dollars)

	1973	1972
Deficit at beginning of year	\$ 539,711	\$ 104,052
Loss for the year	(771,255)	(332,966)
Share issue expenses written off		102,693
Expenses of proposed underwriting written off	112,292	
Deficit at end of year	<u>\$1,423,258</u>	<u>\$ 539,711</u>

Statement of Source and Application of Funds

YEAR ENDED JUNE 30, 1973
(with comparative figures for 1972)
(Expressed in Canadian dollars)

	1973	1972
Source of funds		
Advances from Interscan Limited	\$ 820,470	
Issue of capital stock for cash		\$ 950,000
Issue of convertible debenture subsequently converted to capital stock		50,000
Issue of long term note payable, less amount included in current liabilities	24,075	98,509
Issue of warrants		200
	<u>844,545</u>	<u>1,098,709</u>
Application of funds		
Operations		
Loss before extraordinary item	408,673	332,966
Items not involving current funds		
Depreciation	(131,258)	(77,391)
Amortization of deferred expenses	(25,118)	(16,745)
Other		(6,672)
	<u>252,297</u>	<u>232,158</u>
Purchase of graphic communication equipment	424,196	860,508
Expenses of proposed underwriting not proceeded with	93,133	19,159
Share issue expenses		102,693
Decrease in long term debt	54,776	
	<u>824,402</u>	<u>1,214,518</u>
Increase (decrease) in working capital position	20,143	(115,809)
Working capital (deficiency) at beginning of year	(108,052)	7,757
Working capital deficiency at end of year	<u>\$ 87,909</u>	<u>\$ 108,052</u>

Auditors' Report

To the Shareholders of
GCL Graphic Communications Limited

We have examined the balance sheet of GCL Graphic Communications Limited as at June 30, 1973 and the statements of operations, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 30, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
August 25, 1973

THORNE GUNN & CO.
Chartered Accountants

Notes to Financial Statements

June 30, 1973

1. CANADIAN DISTRIBUTORSHIP AGREEMENTS

Pursuant to an agreement entered into on December 24, 1970 and as subsequently amended, the Company acquired the right to distribute in Canada graphic communication equipment manufactured by Graphic Sciences, Inc. The agreement is for an initial term to December 31, 1973 and provides for annual renewals to December 31, 1985. The agreement requires certain minimum purchases in each year. If the minimum purchases are not maintained, the Canadian distributorship may be terminated.

The Company has an option on a non-exclusive basis to assemble in Canada certain graphic communication equipment. If exercised, this option would require the Company to make payments of royalty and manufacturing fees to Graphic Sciences World Trade Corp., subject to annual minimum payment requirements ranging from \$51,500 to \$95,500, aggregating a minimum of \$528,750 over the term of the agreement. Assembly may commence in Canada at such time as it becomes economically feasible and provided that the Company has fulfilled the purchase requirements of the agreement.

2. INVENTORY

	1973	1972
New machines for sale	\$ 17,907	
Repair parts	100,632	\$ 48,517
Supplies	6,751	4,752
	<u>\$ 125,290</u>	<u>\$ 53,269</u>

The inventories of machines, repair parts and supplies are valued at the lower of cost and market. Cost is laid-down cost determined on a first-in-first-out basis. Market is based on replacement cost.

3. FIXED ASSETS

	1973	1972
Graphic communication equipment	\$1,039,576	\$1,008,423
Office equipment	3,340	2,960
Leasehold improvements	1,731	915
	<u>\$1,044,647</u>	<u>\$1,012,298</u>

Graphic communication equipment is valued at cost less amounts written down. (See note 4.)

Depreciation of graphic communication and office equipment is provided at 20% per annum on the reducing balance basis with depreciation on the graphic communication equipment commencing from the month the unit is placed in service. Leasehold improvements are depreciated over the period of the lease.

4. WRITE-DOWN OF GRAPHIC COMMUNICATION EQUIPMENT

As the result of the Trans Canada Telephone Systems sale agreement of May 25, 1973 the Company has negotiated with Graphic Sciences, Inc. substantially lower purchase prices per unit for all of the Company's graphic communication equipment requirements.

All graphic communication equipment owned at June 30, 1973, regardless of the original cost, has been valued at the new costs. Accumulated depreciation has been recalculated using the revised machine costs. The write-down of graphic communication equipment resulting from this revaluation is shown in the statement of operations for the year ended June 30, 1973 as an extraordinary item amounting to \$362,582. The depreciation expense of \$131,258 included in the statement of operations is based on the new lower machine costs. Had depreciation been based on original cost of all equipment, the depreciation expense for the year would have been \$200,429.

5. BANK ADVANCES

The bank advances of \$382,863 are payable in five monthly payments of \$12,762 plus interest thereon, with the balance of \$319,053 payable on November 30, 1973.

6. CAPITAL STOCK

Pursuant to the Employee Stock Option Plan, approved by the Board of Directors on April 26, 1972, five year options may be granted to key employees until December 31, 1975 on up to

21,250 shares of the Company's capital stock at a price to be determined. Such price shall in no event be less than the greater of:

- (a) 100% of fair market value of the shares (as determined by a committee defined in the Plan) at the time of granting of the option or
- (b) \$5.50 per share.

During 1972 the directors granted options to five key employees covering the purchase of 7,875 shares of the Company's capital stock at a price of \$5.50 per share. During 1973 the directors granted further options at a price of \$5.50 per share to three key employees covering 2,656 shares and options on 2,125 shares were terminated. At June 30, 1973 options on 8,406 shares remain outstanding.

Outstanding share purchase warrants are exercisable as follows:

Number of warrants	Number of shares to be issued	Exercisable price per share	On or before
200,000	202,000	\$5.42	January 6, 1977
20,000	20,000	6.00	January 6, 1977

The 8% convertible debenture of \$100,000 is convertible into 25,000 shares at a price of \$4.00 per share.

7. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by The Business Corporations Act amounted to \$92,100 (1972 - \$85,290).

8. SUBSEQUENT EVENTS

On June 29, 1973, the Company signed an agreement to be effective August 1, 1973 with Coldstream Mines Limited (Coldstream) and Interscan Limited (Interscan) a subsidiary of Coldstream, which provides as follows:

- (i) The Company will issue 1,311,353 shares (representing a 61% fully diluted interest in the Company) to Interscan.

- (ii) The Company will acquire all of the issued and outstanding shares of a group of companies (Interscan Group) from Interscan.
- (iii) The Company will guarantee a \$1,500,000 7% debt of the Interscan Group of which \$1,000,000 may be converted at \$3 per share into shares of the Company.
- (iv) Coldstream will provide, directly or indirectly, financing of up to \$1,600,000 for the Canadian operations of the Company and up to \$1,000,000 to finance the distribution of graphic communication equipment in the United Kingdom through a company which will be owned 51% by the Company and 49% by Coldstream.

On August 1, 1973, after receiving the required approvals from all regulatory and other bodies, the transactions described above were completed.

As a result of the issue of 1,311,353 shares, valued at \$2.25 per share, the new purchase price and number of shares to be issued upon the exercise of each share purchase warrant, as determined under the anti-dilution provisions, are as follows:

Purchase price	\$3.05
Number of shares	1.79

Accordingly, the exercise of all the outstanding share purchase warrants would result in the issue of 378,000 shares.

9. COMPARATIVE FIGURES

The 1972 comparative figures have been reclassified to conform with financial statement presentation adopted in 1973.

The dex document communicators

Are a revolutionary way you can send or receive graphic documents. You can send them across any distance in minutes over ordinary telephone lines. Your company can react quicker because the decision making process is speeded up. You can save hours – even days. Your business decisions can be based on complete, accurate and up-to-date information.

Simple to operate

All **dex** document communicators are as easy to operate as the telephone. Installation is no problem; your **dex** unit plugs into any standard electrical outlet. **Dex** units use normal telephone lines, Wats lines, or tie lines.

Send almost anything

You can send business letters, legal size (9" x 14") documents, half tone photographs, engineering drawings, full colour charts, accounting statements – virtually anything written, printed or drawn. **Dex** is accurate. There is no chance for error in transmission. When you send a document it is faithfully and accurately reproduced at the other end. The high resolution copy shows a full grey scale, allowing you to copy anything, including colour.

Dex is economical, too

No capital investment is required. You can lease as many units as you need, setting up your own **dex** telephone network. There is no meter charge – the more the use, the greater the economy. You can index and send only part of a document by using the moveable margins. This saves editing and telephone time.

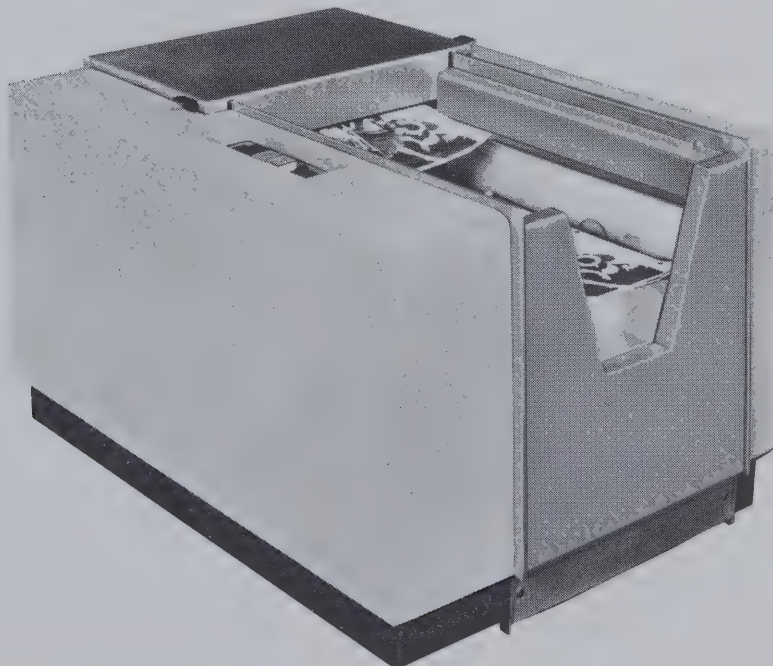
Dex is the fastest

The **dex** document communicator operating over ordinary telephone lines is the fastest facsimile machine ever available in the marketplace. The three minute **dex** unit can transmit over 250 words per minute.

Dex units are

Dex units are convenient, clean, compact and quiet, using non-impact printing on electro-sensitive paper. About the size of an ordinary brief case (15" by 22"), it blends into the office environment on any desk or work station. **Dex** units are built for reliability. They are proven, with many thousands in business use in Canada, the United States and the United Kingdom.

Dex 3000 ...
fully automatic receiver.



The DEX family of 'Decision EXpediteurs'

Our 3-minute transceivers

dex 180

for high-volume, low-cost, quality copy. Transmits or receives an 8½" by 11" document in three minutes. The **dex 180** has acoustic coupling, high-resolution copy, adjustable indices. Compatible with 6-minute units. Automatically selects correct 3- or 6-minute speed for communicators.

dex 181

designed specifically for use with telephone company's Automatic Data Access Arrangement (which uses conditioned lines). All other features same as **dex 180**.

dex 182

is the same as **dex 181** except it is designed to receive a single copy in unattended service. Automatically answers, receives a single copy, and disconnects in unattended service.

Our automatic, unattended receiver

dex 3000

the fully automatic receiver. This 24 hours a day, 7 days a week, unattended receiver eliminates the problems of time differences, varied business hours, night shifts, etc. It automatically answers the phone, receives the message document, and disconnects – over and over again.

In 3 minutes it receives an 8½" by 11" document from any **dex 180** series units; and it communicates with 6-minute **dex** units without modification. Shorter messages take even less time, of course.

dex 3000

uses a continuous roll of electro-sensitive recording paper (no carbon or chemicals) with each document automatically cut to the proper length of 11 or 14 inches. Each roll provides about 500 documents of 11" length. Changing the paper roll is quick and easy.

Features include full grey scale, standard resolution (same as **dex I**, **dex 180**, etc.); stop button for interrupting transmission at both ends simultaneously; quiet, non-impact printing, and operation over normal telephone lines using telephone company's Automatic Data Access Arrangement.

Our other DEX family members

dex I

the 6-minute low cost, low volume transceiver. Sends or receives an entire 8½" by 11" document (order form, chart, drawing, photo, etc.) in only 6 minutes. Unique indexing enables you to send only a selected part of a document to save editing and telephone time. Acoustic coupling (no special electrical connection) through your telephone.

dex IX

for alphanumeric data transmission. Four-minute transmission time for alphanumeric data: way-bills, order entries, inventory reports, etc. (8½" by 11"). Plugs into standard electrical outlet, acoustically coupled to the telephone. Adjustable indices.

The DEX family of 'Decision EXpediteurs' are available in 43 countries around the world

Graphic Communications Limited distributes **dex** units in Canada and the United Kingdom. Through its wholly-owned subsidiaries, Interscan Data Systems (U.K.) Limited, London, England, and Interscan GmbH, Frankfurt, West Germany, GCL markets a range of advanced products designed to improve efficiency of data entry into computer systems. Among these products are optical page and document readers, high speed optical journal tape readers and optical mark sense readers. Data entry systems requiring physical transcription of data to computer language are programmed on key-to-disc units. In addition to supplying product, Interscan provides a comprehensive range of supporting services to users of its equipment. These support services include systems analysis and design, programming, and customer engineering.

AR40

Low Cup



**Graphic
Communications
Limited**

Annual Report

FOR THE SIX MONTHS ENDED DECEMBER 31, 1973

CANADA: GCL GRAPHIC COMMUNICATIONS LIMITED
UNITED KINGDOM: INTERSCAN DATA SYSTEMS (U.K.) LIMITED
INTERSCAN-DEX LIMITED
WEST GERMANY: INTERSCAN GmbH

DIRECTORS

Robert D. Bell
D. Keith Davey
Clifford G. Green
William J. Lambeau

George A. McDonald
Gordon W. Skinner
F. Gerald Townsend

OFFICERS

F. Gerald Townsend
Chairman of the Board

Clifford G. Green
President and Chief Executive Officer

William J. Lambeau
Executive Vice-President

Robert D. Bell
Secretary-Treasurer

Gordon W. Skinner
Director in charge of European Operations

Peter J. Lawrence
Vice-President, Marketing
Federal Government and Northern Canada

Henri F. Spitzer
Vice-President, Marketing
Eastern Region, Canada

AUDITORS

Thorne Gunn & Co., Toronto

LEGAL COUNSEL

Weir & Foulds, Toronto

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Eastern Regional Office

8180 Devonshire Road, Suite 6
Town of Mount Royal, P.Q. H4P 2K3
(514) 733-5387

Central Regional Office

2250 Midland Avenue, Unit 24
Scarborough, Ontario M1P 4R9
(416) 291-7351

Western Regional Office

750 Alderbridge Way
Richmond, B.C. V6X 2A2
(604) 273-9005

Governmental Office

1750 Courtwood Crescent, Suite 312
Ottawa, Ontario K2C 2B5
(613) 225-5361

EUROPEAN SALES OFFICES

Interscan Data Systems (U.K.) Ltd.

Hoechst House
Salisbury Road
Hounslow, Middlesex, England
TW4 6JQ

Interscan Data Systems (U.K.) Ltd.

42 Washway Road
Sale, Cheshire
M33 1QZ

Interscan-Dex Limited

Hoechst House
Salisbury Road
Hounslow, Middlesex, England
TW4 6JQ

Interscan GmbH

Am Salzhaus 1, neben Goethehaus
Parkhaus, Hauptwache
West Germany

Additional Sales and Services facilities throughout Canada, the United Kingdom and West Germany.

Directors' Report to Shareholders

Your Directors are pleased to report to you on the activities of your Corporation for the six months ended December 31, 1973. You will recall that, at the last Annual Meeting, the year-end of the Company was changed from June 30 to December 31.

It is a pleasure to report that the Corporation has made very gratifying progress. Sales revenues for the six month period have risen dramatically, and the Corporation is now able to report a profit in its overall operations.

A measure of the progress of the Corporation is the increase in sales revenues from \$101,656 in the twelve months ended June 30, 1972, to \$980,135 in the twelve months ended June 30, 1973, to \$8,082,830 in the six months ended December 31, 1973 and the dramatic change from a loss position in the first two periods to a substantial profit of \$540,272 in the most recent period. Earnings for the six months ended December 31, 1973 amounted to \$0.31 per share, compared to a loss of \$1.81 per share for the year ended June 30, 1973.

The events which have led to this very satisfying performance have previously been documented to the Shareholders. However, in order to ensure that all present Shareholders are fully informed of the events which took place during the six month period ended December 31, 1973, the following is a summary of the events :

1. GCL purchased from Interscan Limited all the shares of the Interscan Group of Companies, which included two operating companies, Interscan Data Systems (U.K.) Ltd., in the United Kingdom, and Interscan GmbH in West Germany.
2. An agreement to distribute Dex equipment in the United Kingdom was negotiated with the manufacturer, (Graphic Sciences, Inc.).

3. A new Company, Interscan-Dex Limited, was formed to distribute Dex equipment in the United Kingdom. This Company is 51 per cent owned by the Corporation and 49 per cent owned by Coldstream Mines Limited.
4. Financing for the Corporation and Interscan-Dex Limited of up to \$2,600,000 is being provided by Coldstream.
5. The foregoing purchase was made by the issue of 1,311,353 Treasury shares to Interscan Limited, and by the Corporation guaranteeing a \$1,500,000, 7 per cent interest bearing debt of the Interscan Group to Interscan Limited. (\$1,000,000 of this may be converted into GCL shares at \$3.00 per share.)
6. Coldstream was instrumental in arranging for the Corporation substantial bridge financing, required to purchase and deliver large orders for Dex equipment placed by the Trans-Canada Telephone System, which markets Dex in Canada under its own trade name of FAXcom.

Presently, the Corporation's main distributorships are :

- (a) Dex facsimile transmitter/receivers, (manufactured by Graphic Sciences, Inc. of Danbury, Connecticut), distributed in Canada and in the United Kingdom.
- (b) System 2100 Key-to-Disc Computer input device (manufactured by General Computer Systems Inc. of Dallas, Texas), distributed in the United Kingdom and in West Germany.
- (c) Scan-Data, an optical character recognition data entry system, (manufactured by Scan-Data Corporation of Norristown, Pennsylvania), distributed in the United Kingdom and West Germany.

Both Sales and Service operations are carried on through offices in the following cities:

CANADA —Toronto, Ottawa, Montreal,
Vancouver

UNITED KINGDOM—London, Manchester,
Edinburgh

WEST GERMANY —Frankfurt

The Corporation and its subsidiaries now employ in excess of 200 persons.

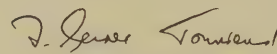
It is significant that your Corporation's considerable experience in multi-media communications in the United Kingdom is generating a synergism which is accelerating the successful marketing of all the products distributed by the U.K. Company. The resulting ability to market the Dex equipment as part of a total communication system is a fundamental strength of your Corporation.

The purchase of the Interscan Group of Companies has been of tremendous importance in the rapid growth of the Corporation. Needed financing was acquired, substantial additional sales revenues have been added, and above all, a strong, well-financed major Shareholder is working actively with Management. On a consolidated basis the Corporation is reporting a profit for the fiscal period covered by this report. This profit has been generated by the European operations of the Interscan Group, under the able direction of Gordon Skinner, Managing Director. The majority of the business of the Interscan Group has been with financial institutions and with government. During the recent economic and energy crisis in the United Kingdom, Management detected no weakening of requirements in either of those two fields. On the contrary, both of these categories must carry on usual data processing operations, and in the case of government indications point towards more control and more data reporting requirements. Management is confident of continuing the current high level of business in Europe which it has been able to secure over the last two years.

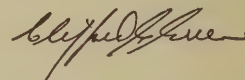
However, it is in the development of the facsimile industry that your Corporation looks for its greatest growth. Management believes that the potential requirements for equipment which can transmit hard-copy electronically over ordinary telephone lines throughout the world, quickly and accurately, is practically unlimited. We believe the Dex line of facsimile products is the finest and most technologically advanced on the market today, and latest announcements from the manufacturer indicate that this leadership position will be maintained. With exclusive distributorships in Canada and the United Kingdom, your Corporation is actively marketing in two of the leading countries in telecommunications usage in the world.

For the future, the growth of the Corporation will stem in large part from the efforts of our strong and aggressive group of middle and top Management executives, all in their late thirties and forties, and all with fine marketing, engineering, or administrative backgrounds. In the atmosphere of enthusiasm and aggressiveness generated by this group, your Corporation looks forward with confidence to the future.

To all of our employees for their exemplary efforts, the Directors extend their heartiest thanks.



F. Gerald Townsend
Chairman of the Board



Clifford G. Green
President

April 8, 1974

Auditors' Report

To the Shareholders of
GCL Graphic Communications Limited

We have examined the consolidated balance sheet of GCL Graphic Communications Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of income, deficit and changes in financial position for the six months ended December 31, 1973. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the changes in their financial position for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 29, 1974

THORNE GUNN & CO.
Chartered Accountants

GCL Graphic Communications Limited

(Incorporated under the laws of Ontario)

and subsidiary companies

Consolidated Balance Sheet

DECEMBER 31, 1973

(with comparative figures at June 30, 1973)

(Expressed in Canadian Dollars)

	December 31, 1973	June 30, 1973
ASSETS		
Current assets		
Cash and short-term bank deposits	\$ 671,853	\$ 69,225
Accounts receivable	5,101,953	478,641
Inventories (note 3)	1,492,098	125,290
	<u>7,265,904</u>	<u>673,156</u>
Fixed assets (note 4)	<u>1,357,624</u>	<u>853,129</u>
Other assets		
Deposits as surety on guarantees (note 5)	105,329	
Deferred development and pre-operating expenses (note 9)	125,751	
	<u>231,080</u>	
Goodwill (note 1)	<u>3,784,629</u>	
	<u>\$12,639,237</u>	<u>\$ 1,526,285</u>
LIABILITIES		
Current liabilities		
Bank advances, secured (note 6)	\$ 4,329,007	\$ 382,863
Accounts payable and accrued liabilities	2,393,933	216,413
Customers' deposits	135,291	
Current portion of long-term debt	61,789	61,789
8% Convertible debenture due on demand		100,000
	<u>6,920,020</u>	<u>761,065</u>
Long-term debt		
Due to parent company (note 1)		
Convertible advances	1,000,000	
Other advances	1,297,718	820,470
7% notes payable (unsecured) payable in semi-annual principal instalments, maturing in 1975	98,703	129,597
	<u>2,396,421</u>	<u>950,067</u>
Less amount due within one year included in current liabilities	61,789	61,789
	<u>2,334,632</u>	<u>888,278</u>
Minority interest	<u>21,387</u>	
SHAREHOLDERS' EQUITY		
Capital stock (notes 1 and 7)		
Authorized—5,000,000 shares without par value		
Issued— 1,736,353 shares (June 30, 1973, 425,000 shares)	4,250,744	1,300,200
Deficit	887,546	1,423,258
	<u>3,363,198</u>	<u>(123,058)</u>
	<u>\$12,639,237</u>	<u>\$ 1,526,285</u>

Approved by the Board:

"C. G. Green," Director

"R. D. Bell," Director

cancorp

rodger

GCL Graphic

are given
No comparative figures *are given* for GCL Graphic Communications Ltd. because the fiscal year end was changed to Dec. 31. In the year ended June 30, 1973, loss was \$408,673 or 96 cents a share on sales of \$980,135. Final loss was increased by write-downs of graphic communications equipment to \$771,255 or \$1.81 a share. In the six months to Dec. 31, 1973, final profit was increased by a tax loss* carry-forward to \$540,272 or 31 cents a share.

cancorp

rodger

GCL Graphic Communications Ltd., Toronto

6 nov Dec. 31 280 -- 0.16 -- 8,083 -- .

Consolidated Statement of Income

(Expressed in Canadian Dollars)

	Six months ended December 31, 1973	Year ended June 30, 1973
Revenue		
Sale and rental income, maintenance and other income	\$ 8,082,830	\$ 980,135
Expenses		
Cost of sales, supplies, maintenance, selling, general and administrative expenses	7,206,675	1,225,070
Interest on long-term debt	112,267	7,362
Depreciation and amortization (note 4)	161,921	156,376
Loss on currency revaluation	51,115	
	<u>7,531,978</u>	<u>1,388,808</u>
Income (loss) before income taxes, interest of minority shareholder and extraordinary items	550,852	(408,673)
Income taxes (note 8)	261,286	
	<u>289,566</u>	<u>(408,673)</u>
Interest of minority shareholder	9,137	
Income (loss) before extraordinary items	<u>280,429</u>	<u>(408,673)</u>
Extraordinary items		
Income tax reductions arising from application of losses of prior years (note 8)	259,843	
Write-down of graphic communication equipment (note 12)		(362,582)
Net income (loss) for the period	<u>\$ 540,272</u>	<u>\$ (771,255)</u>
Earnings (loss) per share		
Before extraordinary items	\$0.16	\$(0.96)
Net income (loss) for the period	\$0.31	\$(1.81)
Fully diluted earnings per share (see note 10)		

Consolidated Statement of Deficit

(Expressed in Canadian Dollars)

	Six months ended December 31, 1973	Year ended June 30, 1973
Deficit at beginning of period	\$ 1,423,258	\$ 539,711
Net income (loss) for the period	540,272	(771,255)
	<u>882,986</u>	<u>1,310,966</u>
Organization expenses written off	4,560	
Expenses of proposed underwriting written off		112,292
Deficit at end of period	<u>\$ 887,546</u>	<u>\$ 1,423,258</u>

Consolidated Statement of Changes in Financial Position

(Expressed in Canadian Dollars)

	Six months ended December 31, 1973	Year ended June 30, 1973
Sources of working capital		
Operations		
Net income for the period	\$ 540,272	
Charges against income not involving the use of working capital		
Depreciation and amortization	161,921	
Interest of minority shareholder	9,137	
	<u>711,330</u>	
Shares issued to acquire the Interscan Group	2,950,544	
Issue of capital stock of a subsidiary to minority shareholder	12,250	
Increase in long-term debt	159,115	\$ 844,545
	<u>3,833,239</u>	<u>844,545</u>
Applications of working capital		
Operations		
Loss before extraordinary item		408,673
Depreciation and amortization not involving the use of working capital		(156,376)
		<u>252,297</u>
Cost of acquisition of the Interscan Group less working capital acquired of \$364,010	2,586,534	
Fixed assets	397,896	424,196
Reduction in long-term debt	211,455	54,776
Deferred development and pre-operating expenses	125,751	
Deposits as surety on guarantees	73,250	
Organization expenses	4,560	
Expenses of proposed underwriting not proceeded with		93,133
	<u>3,399,446</u>	<u>824,402</u>
Increase in working capital	433,793	20,143
Working capital deficiency at beginning of period	87,909	108,052
Working capital (deficiency) at end of period	<u>\$ 345,884</u>	<u>\$ (87,909)</u>

Notes to Consolidated Financial Statements

December 31, 1973

(Expressed in Canadian Dollars)

1. BASIS OF CONSOLIDATION

- (a) The consolidated financial statements include the accounts of the Interscan Group from July 1, 1973.

The Company incorporated two subsidiary companies during the period, as follows:

Graphic Communications U.K. Holdings Limited
100% owned
Interscan-Dex Limited 51% owned

- (b) The Company has changed its fiscal year end from June 30th to December 31st.

- (c) Translation of the accounts of foreign subsidiaries is as follows:

- (1) Current assets and current liabilities, at the prevailing rates of exchange as at the balance sheet date.
- (2) Fixed and other assets, income and expenses, at the average rates of exchange for the period that the assets were acquired and the income earned, except for certain transactions where the actual known cost in Canadian Dollars has been used.

- (d) On June 29, 1973, the Company signed an agreement with Coldstream Mines Limited (Coldstream) and Interscan Limited (Interscan) which provided as follows:

- (1) The Company issued 1,311,353 shares to Interscan valued at \$2,950,544 representing a 61% fully diluted interest in the Company.

- (2) The Company acquired all of the issued and outstanding shares of the following companies (Interscan Group) from Interscan:

Intercontinental Data Systems Limited
Interscan Data Systems, A.G., ZUG
Interscan Data Systems (U.K.) Ltd.
Interscan GmbH

- (3) The Company guaranteed a \$1,500,000 7% debt of the Interscan Group of which \$1,000,000 may be converted into shares of the Company at \$3 per share.

- (4) Coldstream provide, directly and indirectly, financing up to \$1,600,000 for the Canadian operations of the Company and up to \$1,000,000 for the distribution of graphic communications equipment in the United Kingdom through Interscan Dex Limited a company owned 51% by the Company and 49% by Coldstream.

Details of the acquisition of the Interscan Group are as follows:

Consideration given Common shares	\$2,950,544
Excess of liabilities over book value of assets acquired	\$ 834,085
Goodwill	3,784,629
	<u>\$2,950,544</u>

2. DISTRIBUTORSHIP AND FRANCHISE AGREEMENTS

- (a) Graphic Communication Equipment

Pursuant to agreements entered into on June 29, 1973 and August 1, 1973, the Company acquired the exclusive rights to distribute in Ireland, United Kingdom and Canada graphic communication equipment manufactured by Graphic Sciences, Inc.

- (b) Computer Input Equipment

The Company holds distribution franchises in respect of products of Scan-Data Corporation, General Computer Systems Inc., Almex A.B. and Optical Scanning Corporation to market their computer input equipment in certain Western European countries.

3. INVENTORIES

	December 31, 1973	June 30, 1973
Computer input equipment	\$ 342,842	
Graphic communications equipment	401,952	\$ 17,907
Parts and supplies	747,304	107,383
	<u>\$1,492,098</u>	<u>\$125,290</u>

The inventories are valued at the lower of cost (determined on a first-in first-out basis) and replacement cost.

4. FIXED ASSETS

	December 31, 1973	June 30, 1973
(a) Summary		
Graphic communication equipment	\$1,399,659	\$1,039,576
Computer input equipment	302,127	
Automotive equipment	39,525	
Office equipment	84,608	3,340
Leasehold improvements	2,054	1,731
	<u>1,827,973</u>	<u>1,044,647</u>
Less accumulated depreciation	470,349	191,518
	<u>\$1,357,624</u>	<u>\$ 853,129</u>

Graphic communication equipment is valued at cost less amounts written down (see note 12). Computer input equipment, automotive equipment, office equipment and leasehold improvements are valued at cost.

(b) Depreciation Policy

Depreciation of graphic communication and office equipment is provided at 20% per annum on the reducing balance basis with depreciation on the graphic communication equipment commencing from the month the unit is placed in service. Leasehold improvements are depreciated over the period of the lease.

Other fixed assets are depreciated on a straight line basis at the following rates:

Automotive equipment	25%
Computer input equipment	15% to 20%
Other equipment and furniture	10% to 33 $\frac{1}{3}$ %

5. DEPOSITS AS SURETY ON GUARANTEES

The deposits are with a leasing company to secure lease payments by customers in respect of systems sold to them by a subsidiary. The deposits will be repaid over periods commencing not later than August, 1977.

6. BANK ADVANCES

Bank advances are secured by assignment of the accounts receivable and hypothecation of the inventories of the Company and its subsidiaries, together with guarantees of Coldstream Mines Limited.

7. CAPITAL STOCK

On October 12, 1973 the directors cancelled all employee stock options then outstanding. Effective November 1, 1973 the directors granted new stock options to four key employees covering the purchase of 16,000 shares at a price of \$2.25 per share exercisable on or before October 31, 1978. These options were outstanding at December 31, 1973.

On November 1, 1973 the directors authorized under a share purchase plan the issuance of 36,000 shares at a price of \$2.25 per share to two key employees. Subsequent to December 31, 1973 the 36,000 shares were acquired by the two employees.

Outstanding share purchase warrants are exercisable as follows:

Number of warrants	Number of shares to be issued	Exercisable price per share	On or before
200,000	360,000	\$3.03	January 6, 1977
20,000	20,000	\$6.00	January 6, 1977

8. INCOME TAXES

Loss carry-forwards for income tax purposes, which may be applied in reduction of future taxable incomes, are as follows:

Canada	\$ 666,000
United Kingdom	378,000
Germany	592,000
	<u>\$1,636,000</u>

The Company has recorded depreciation in the accounts in excess of capital cost allowance claimed for Canadian income tax purposes of approximately \$680,000.

The tax effect of the above items has not been recorded in the accounts.

9. DEFERRED PRE-OPERATING EXPENSES

All expenses incurred from incorporation of the 51% subsidiary company Interscan-Dex Limited on June 18, 1973 have been deferred as they relate to the organization of the company and planning and development of the company's operations in the United Kingdom.

These expenses will be written off equally over three years commencing January 1, 1974.

10. FULLY DILUTED EARNINGS

Fully diluted earnings per share for the six months ended December 31, 1973 show the maximum dilution of current earnings which potential conversions and exercises (see notes 1 and 7) would have caused had they occurred during the current period as follows:

Before extraordinary item	\$0.14
Net income for the period	\$0.25

The imputed earnings after income tax arising from conversion and application of the proceeds from options and warrants exercised is \$48,000.

11. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by The Business Corporations Act amounted to \$72,400 (June, 1973 \$92,900).

12. WRITE-DOWN OF GRAPHIC COMMUNICATION

As a result of the Trans Canada Telephone Systems sale agreement of May 25, 1973 the Company negotiated with Graphic Sciences, Inc. substantially lower purchase prices per unit for all of the Company's graphic communication equipment requirements.

All graphic communication equipment owned at June 30, 1973, regardless of the original cost, has been valued at the new costs. Accumulated depreciation at June 30, 1973 was recalculated using the revised machine costs. The write-down of graphic communication equipment resulting from this revaluation was shown in the statement of income for the year ended June 30, 1973 as an extraordinary item amounting to \$362,582.

INTERSCAN DATA SYSTEMS (U.K.) LTD. – UNITED KINGDOM

INTERSCAN GmbH – WEST GERMANY

DISTRIBUTORS OF

SYSTEM 2100, SCAN-DATA, ALMEX, AND OPSCAN DATA ENTRY SYSTEMS

System 2100: Key-to-Disc Data Entry System

System 2100 has progressed to the stage where it now represents the most advanced hardware and software development in keyboard entry devices. As a keyboard terminal system, it is unique in that the keyboards are equipped with a visual display unit on which is recorded all data entries, together with error and control messages to the operator. Recent system improvements made by the manufacturer include data transmission facilities, which add significantly to the success of this product.

The product has a wide range of applications in organizations employing more than 10 keypunch operators, and offers substantial economies to the user in comparison with any other keyboard entry device, particularly in view of the ability to interface with other Interscan input devices.

Data entry and verification are controlled by program formats, a maximum number of 255 jobs with up to 100 formats for each job being held within the system. These formats are available immediately to any one or all keyboard terminals at any one time.

All System 2100 terminals work simultaneously on any job and in any mode, e.g., entry mode, verification mode and search mode. Supervisory functions, statistical analysis, disc to tape transfer and line printing are accomplished simultaneously with data entry and verification operations.

Scan-Data: Optical Character Recognition Data Entry System

Scan-Data equipment is regarded in the computer industry as among the most technologically advanced in the field of Optical Character Recognition. Scan-Data page and document readers are unique in their ability to read virtually all known business machine fonts as well as a wide range of printers' type-set fonts and hand-print; they have been used to read data directly from the pages of telephone directories with all the associated problems of poor quality paper, worn type, upper and lower case character symbols and punctuation in normal and bold face type styles.

The machines are multi-font in their reading capability and multi-purpose in their use, in that they are capable of reading documents ranging in size from 6½" x 3½" to 11" x 14" as well as journal tapes produced on adding machines, accounting machines and cash registers. Scan-Data machines incorporate their own control computer and operate completely independently of the customer's main frame computer system. This method of operation simplifies programming and saves valuable computer time.

Recent developments to the equipment include a faster document transport, greater flexibility in handling small documents and a highly advanced technique for reading virtually any character font by program software as opposed to hardware.

Almex OCR 72: Optical Character Recognition Data Entry Unit

A specialized OCR device manufactured by Almex designed to read, at high speeds, data produced on journal tapes prepared on adding machines, accounting machines and cash registers. OCR 72 represents a high achievement in OCR devices in terms of accuracy and speed of operation. The machine will read over 2,300 lines of data per minute and has a reading speed of up to 3,600 characters per second.

OpScan: Mark Reader Data Entry Unit

Mark reading is a highly effective means of data entry for a wide range of applications. Mark reading offers many of the advantages of OCR, and is considerably less expensive. The OpScan reads ordinary pencil marks and costs less than a single key-to-tape station, but it is able to process completed source documents many times faster. The OpScan is designed to interface with most mini computers, and can feed information direct to small, medium, and large computer systems. In addition to pencil marks, the OpScan can read hand-printed numeric characters, and printer generated numeric information.

GRAPHIC COMMUNICATIONS LIMITED – CANADA
INTERSCAN-DEX LIMITED – UNITED KINGDOM
DISTRIBUTORS OF
THE DEX FAMILY OF 'DECISION EXPEDITERS'

The dex document communicators

Are a revolutionary way you can send or receive graphic documents. You can send them across any distance in minutes over ordinary telephone lines. Your company can react quicker because the decision-making process is speeded up. You can save hours – even days. Your business decisions can be based on complete, accurate and up-to-date information.

Simple to operate

All **dex** document communicators are as easy to operate as the telephone. Installation is no problem; your **dex** unit plugs into any standard electrical outlet. **Dex** units use normal telephone lines, Wats lines, or tie lines.

Send almost anything

You can send business letters, legal size (9" x 14") documents, halftone photographs, engineering drawings, full colour charts, accounting statements – virtually anything written, printed or drawn. **Dex** is accurate. There is no chance for error in transmission. When you send a document it is faithfully and accurately reproduced at the other end. The high-resolution copy shows a full grey scale, allowing you to copy anything, including colour.

Dex is economical, too

No capital investment is required. You can lease as many units as you need, setting up your own **dex** telephone network. There is no meter charge – the more the use, the greater the economy. You can index and send only part of a document by using the moveable margins. This saves editing and telephone time.

Dex is fast

The **dex** document communicator is acoustically coupled and operates over ordinary telephone lines. The three minute **dex** unit can transmit over 250 words per minute. **Dex** units are convenient, clean, compact and quiet, using non-impact printing on electro-sensitive paper. About the size of an ordinary brief case (15" x 22"), it blends into the office environment on any desk or work station. **Dex** units are built for reliability. They are proven, with many thousands in business use in Canada, the United States and the United Kingdom.

Our 3-minute transceivers

dex 180

For high-volume, low-cost, quality copy. Transmits or receives an 8½" by 11" document in three minutes. The **dex 180** has acoustic coupling, high-resolution copy, adjustable indices. Compatible with 6-minute units. Automatically selects correct 3- or 6-minute speed for communicators.

dex 181

Designed specifically for use with telephone companies' Automatic Data Access Arrangement (which uses conditioned lines). All other features same as **dex 180**.

dex I

The **Six-minute low cost**, low volume transceiver. Sends or receives an entire 8½" by 11" document (order form, chart, drawing, photo, etc.) in only six minutes. Unique indexing enables you to send only a selected part of a document to save editing and telephone time. Acoustic coupling (no special electrical connection) through your telephone.

New universal facsimile communicator

dex 580

Allows you to communicate with thousands of current facsimile users even though they are using a variety of facsimile equipment.

The **dex 580** is a breakthrough in facsimile communications. It is the first universally compatible facsimile transceiver developed to meet the transmission requirements of all major facsimile terminals in use today. Now the **dex 580** user can communicate with a customer using a facsimile unit of one manufacturer . . . with a vendor using a terminal of a different brand . . . and with an internal department using a third brand. Operates in either AM or FM mode, and in either 3- or 6-minute speed with full resolution.

Our automatic, unattended receivers

dex 3000

The fully automatic receiver. This 24 hours a day, 7 days a week unattended receiver eliminates the problem of time differences, varied business hours, night shifts, etc. It automatically answers the phone, receives the message document, and disconnects – over and over again.

In 3 minutes it receives an 8½" by 11" document from any **dex 180** series unit; and it communicates with 6-minute **dex** units without modification. Shorter messages take even less time, of course.

dex 3000

Uses a continuous roll of electro-sensitive recording paper (no carbon or chemicals) with each document automatically cut to the proper length of 11 or 14 inches. Each roll provides about 500 documents of 11" length. Changing the paper roll is quick and easy.

Features include full grey scale, standard resolution (same as **dex I**, **dex 180**, etc.); stop button for interrupting transmission at both ends simultaneously; quiet, non-impact printing, and operation over normal telephone lines using telephone companies' Automatic Data Access Arrangement.

dex 3400

The newest automatic unattended universal receiver, with full **dex 3000** capability, which will also receive copy in AM or FM mode, automatically selecting the proper signal reception, in speeds of 2, 3, 4 or 6 minutes.

Our other DEX family members

dex IX

For alphanumeric data transmission. **Four-minute low-cost** transmission time for alphanumeric data: way-bills, order entries, inventory reports, etc. (8½" by 11"). Plugs into standard electrical outlet, acoustically coupled to the telephone. Adjustable indices.

The **DEX** family of 'Decision **EX**pediters' is available in 50 countries around the world.